

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4), Revised Statutes of Alberta 2000 (the Act).

between:

***NORTHWEST PROPERTY CORP., COMPLAINANT,
As represented by Altus Group***

and

The City Of Calgary, RESPONDENT

before:

***Ted Helgeson, PRESIDING OFFICER
Yvette Nesry, MEMBER
Joe Massey, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER: 111180204

LOCATION ADDRESS: 1016 68th Avenue S.W.

HEARING NUMBER: 64362

ASSESSMENT: 11,020,000

This complaint was heard on Wednesday, the 29th of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *D. Genereux and G. Worsely*

Appeared on behalf of the Respondent:

- *Mike Ryan*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

The Respondent objected to evidence in pages 16 to 24 of the Complainant's rebuttal, and requested that the evidence not be admitted because that it had not been disclosed in the Complainant's original submission. The objection was over-ruled. The rebuttal material was properly disclosed under Section 8(2)(c) of AR 310/2009, the *Matters Relating to Assessment Complaints Regulation*, and rebuttal evidence need not be the same as that in the Respondent's original submission.

Property Description:

The subject property, the Rocky View Health Centre, is an office building. It was constructed in 1976, and renovated in 2010. It is located south of Glenmore Trail on the corner of 9th Street and 68th Avenue S.W. The subject property is assessed as an "A" class building with no underground parking. Building area is approximately 53,871 square feet.

Issues:

1. Is the subject property an "A" class building or a "B" class building?
2. If the subject property is found to be a "B" class building, what rental rate should be used to arrive at an assessment?

Complainant's Requested Value: \$5,940,000

The Complainant's Position

The correct class for the subject is "B". Previously, the Respondent assessed the subject as a "B" class office building, and in 2009, the Assessment Review Board reduced the assessment to a rate in line with "C" class buildings. The rental rates of the subject are lower than "B" class properties. There have been no major renovations, but there were some reconfigurations for the purpose of bringing the building up to market expectations. Space in subject property leased for \$13 to \$15 per square foot in 2010. Both leases were for spaces of 10,000 square feet.

Nine comparable properties in the vicinity of the subject, including 1001 Glenmore Trail,

immediately north of the subject, show an average assessment per square foot of \$127, and a median of \$130. A reasonable assessment for the subject property would be \$130 per square foot. Leases in south central buildings, including twelve in Centre 70, an "A" class building, three in Sloane Square, a "B" class building, and one in the subject property, show an average rental rate of \$12.75 per square foot, a median rate of \$12.50, and a weighted average of \$13.04 per square foot. Leases in buildings in south central Calgary believed to be of "B" class show a weighted average of \$12.58 per square foot.

The subject has no exposure to Glenmore Trail or MacLeod Trail. It has no underground parking. A few renovation permits cannot support a change in classification from "B" to "A". Were the Board to decide that the rental for the subject should be \$14 per square foot, the assessment would be \$6,750,000 assuming a cap rate of 8.75%. At the desired rental rate of \$12.50 per square foot, and a cap rate of 8.75%, the assessment of the subject property would be \$5,940,000.

The Respondent's Position

There are "A+" buildings and "A-" buildings. The subject is an "A-". It was substantially renovated in 2009-2010. Three "A" class suburban offices in the southwest quadrant show that the subject was assessed equitably with the typical assessed rate of \$19 per square foot. Thirty-six lease comparables from three different "A" class buildings support a typical rental rate of \$19 per square foot. Furthermore, 28 leases in "B" class buildings, i.e., 1001 Glenmore Trail S.W., 5920 MacLeod Trail S.W., 970 Horton Road S.W., and 6620 Crowchild Trail S.W., indicate a median rental rate of \$14.25, a mean of \$15.43, and a weighted mean of \$15.34. The subject property is correctly assessed at \$19 per square foot.

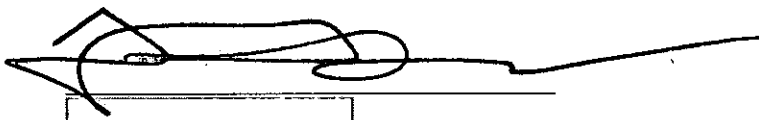
Board's Decision in Respect of Each Matter or Issue:

Having reviewed the evidence, the Board concluded that the proper classification of the subject property is "B". The Respondent's statement that there had been substantial renovations was not backed up by photographs. In fact the Respondent stated that he had not visited the building. The Board found that the appropriate rental rate for the subject was \$14 per square foot. At the cap rate of 8.75% for "B" class properties, the assessment would be \$6,750,000.

Board's Decision:

The assessment be reduced to \$6,750,000.

DATED AT THE CITY OF CALGARY THIS 2 DAY OF August 2011.



Presiding Officer

Exhibits

C-1: Complainant's written argument.

R-1: Respondent's assessment brief.

C-2: Complainant's rebuttal

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*